



DEFENSE FINANCE AND ACCOUNTING SERVICE
ARLINGTON

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DFAS-DOP

DEC 5 2005

MEMORANDUM FOR DIRECTOR, CIVILIAN PAY OPERATIONS, DEFENSE
FINANCE AND ACCOUNTING SERVICE (PC/PE)

SUBJECT: Interim Change to the DoDFMR, Volume 8
(DFAS Item 08-A2)

Attached is Interim Change **05-CP3** to the DoDFMR, Volume 8, which includes comments, received from our memorandum dated September 26, 2005. This change incorporates the Office of Personnel Management (OPM) opinion regarding the treatment of refunds of premiums for no longer having eligible family members covered under the Federal Employees Health Benefits Program and family optional life insurance (Option C) of the Federal Employees Group Life Insurance Program. It is the OPM's opinion that the Barring Act (Statute of Limitations) under 31 U.S.C. §3702(b)(1) does not apply when refunding such premiums.

Assignment of the interim change number is your authority to initiate a procedural modification to implement this change.


Lydia Moschkin
Director for Policy and
Requirements Management

Attachment:
As stated

cc:
OUSD(C) (ODCFO) (A&FP&A) (Attn: Bill List)
DFAS, General Counsel, Denver (Attn: Anne Vonnhof)
National Security Agency (Attn: Brenda Zebron)
Executive Office of the President (Attn: Wayne Jones)
Dept of Health & Human Services (Attn: Jim Martin)
Dept of Energy (Attn: Jerry Odegard)
Service Liaisons

Retroactive Refund of Premiums for Health and Life
Insurance for Changes in Family Coverage

1. Replace paragraph 040802.B.12 with the following:

12. Retroactive Changes in Enrollment. Employing offices have the authority to make a change from self and family to self-only coverage outside of open season. These enrollment changes can be made retroactive to the first day of the pay period after the one in which there were no family members eligible for coverage under the employee's family enrollment. Such a retroactive change, with a corresponding adjustment in health benefits withholdings and contributions, may be made only if the employee requests it and only if the employing office is satisfied that the last family member lost eligibility under the family enrollment. If an employee retroactively changes from family to self only, the corrective adjustments shall be made to refund premiums retroactive to the beginning date of the change in coverage provided by the employing agency; the Barring Act (Statute of Limitations) under 31 U.S.C. § 3702(b)(1) does not apply.

2. Replace paragraph 040906.B with the following:

B. Retroactive Adjustments

1. Retroactive adjustments shall not be made to recover deficiencies in deductions for prior periods because of LWOP. Effective after October 20, 1972, if an employee is retroactively restored to duty with pay after an erroneous suspension or removal, there will be no life insurance withholding made from the retroactive pay adjustment for the period of suspension or separation. However, if death or dismemberment occurred during the period of suspension or separation, insurance proceeds shall be paid and premiums withheld from the back pay.

2. When requests are made to cancel Option C, family life insurance, because there are no eligible family members, the cancellation will be retroactive to the end of the pay period in which the employee stopped having eligible family members. The Barring Act (Statute of Limitations), under 31 U.S.C. §, 3702(b)(1) does not apply to these adjustments.

3. When an employee receives a retroactive within-grade increase (one that was delayed beyond its proper effective date through administrative error or oversight) and results in an increase in life insurance premiums, the insurance deductions retroactively shall be applied.

3. Replace paragraph 040911 with the following:

040911. Canceling Optional Insurance. The employee may cancel optional life insurance at any time without waiving basic life insurance; however, if the employee cancels basic life insurance, all optional insurance is automatically canceled. A cancellation of optional insurance becomes effective at the end of the pay period in which the employee submits a request, except when the cancellation is submitted because there are no eligible family members. A cancellation of family coverage becomes effective retroactive to the end of the pay period in which there are no longer any eligible family members. See 5 C.F.R. 870.505(b). The Barring Act, Title 31, U.S.C. 3702(b)(1), which limits the time period for submitting claims to six years, does not apply to these retroactive refunds.